



STATE OF UTAH

Utah State Tax Commission
210 North 1950 West
Salt Lake City, UT 84134

Frequently Asked Questions

Aircraft Sales & Use Tax Review

Q: What is sales and use tax?

A: Sales and use taxes are transaction taxes that apply to purchases of tangible personal property.

Q: Explain how the tax laws, rules and regulations require sales or use tax to be paid on aircraft.

A: Utah Code §59-12-107(4)(a) and (b) explains that vehicles subject to titling or registration shall have sales or use tax paid by the purchaser. §59-12-102(104)(a) defines vehicle and §72-10-109(1)(a) references the requirement that aircraft be licensed.

§59-12-107(4)(a) "On each vehicle¹ sale made by other than a regular licensed vehicle dealer, the purchaser shall pay the sales or use tax directly to the commission if the vehicle is subject to titling or registration² under the laws of this state. (b) The commission shall collect the tax . . . when the vehicle is titled or registered." (*Emphasis, underlines and footnotes added*).

¹ §59-12-102(104)(a) "vehicle" means an aircraft that is "...required to be titled, registered, or titled and registered"² (*Emphasis, underlines and footnotes added*).

² §72-10-109(1)(a) "A person may not operate ... any civil aircraft located in this state **unless the aircraft has a current certificate of registration** issued by this state through the county in which the aircraft is located." (*Emphasis added*).

Q: What kind of verification or documentation can I use for sales or use tax already paid?

A: A receipt, invoice, or purchase/sales contract that shows that Utah sales or use tax has been paid.

Q: What if I bought the aircraft intending to resell or lease it?

A: Only a party engaged in the business of manufacturing, distributing, or selling aircraft who has been issued a Dealer's Aircraft Registration Certificate by the Federal Aviation Administration (FAA), AC Form 8050-6, can purchase an aircraft exempt from sales or use tax for the purpose of reselling or leasing the aircraft in question.

Aircraft registered in the name of a Dealer will reflect "None" in the certificate issue date field.

Q: Can an authorized carrier purchase an aircraft exempt from sales and use tax?

A: Only if the purchaser/lessee is the holder of a certificate issued by the (FAA) authorizing them to engage in interstate commerce. Utah State Tax Commission's form TC-719, Sales Tax Exemption Affidavit for Authorized Interstate Carriers must be executed by the purchaser at the time of the transaction. Form TC-719 also requires the purchaser to provide their FAA operating certificate/air carrier operating certificate number.

Q: I pay taxes and registration fees every year and assumed that sales tax must be included in these fees and taxes.

A: Many people confuse sales and use taxes with property tax and registration fees. Sales and use tax is based on a single transaction, or a one-time fee, and is due and payable at the time of purchase or the initial registration. Property tax and registration fees are due and payable every year.



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Q: What amount is the sales tax based on?

A: On aircraft, sales tax is calculated by multiplying the tax rate in effect in your jurisdiction by the purchase price or the value of other consideration paid for the aircraft. In the absence of a bill of sale or other written evidence of value, the fair market value of the aircraft in question is determined by industry-accepted vehicle pricing guides until such time we are provided with the actual purchase price.

The tax base for aircraft assembled from kits includes the cost of the parts on which Utah sales or use tax was not paid.

Q: How did you obtain this fair market value?

A: We use Price Digest's Aircraft Bluebook Historical Value Reference. Aircraft not listed (i.e. kits, assembled from parts), we determine the fair market value based on the averages of similar aircraft, and are aware that it may not be accurate. If the fair market value is inaccurate, we will adjust the amount upon receipt of valid documentation showing the actual purchase price of the aircraft.

Q: If the fair market value is less than the actual purchase price can I choose to have my sales tax based on the fair market value instead of the actual purchase price?

A: No. Sales tax is based on the actual purchase price or the value of other consideration paid. The fair market value is only used in the absence of the actual purchase price. The tax amount based on the fair market value will be amended once the purchase price is determined.

Q: What if I already sold the aircraft in question?

A: Because sales and use tax is a transaction tax, the tax is due on the transaction that occurred when you purchased the aircraft.

Q: Some people are under the impression that if an airplane is purchased from a private individual, it is a "person-to-person" sale and is exempt from sales or use tax.

A: There is no exemption for the so-called "person-to-person" sale. If the aircraft is purchased from an aircraft dealer who has been issued a Dealer's Aircraft Registration Certificate by the Federal Aviation Administration the dealer should charge and remit the sales tax. If the aircraft is purchased from other than a licensed aircraft dealer, then the sales or use tax is due at the time of registration.

Q: If the aircraft was/is not airworthy do I still have to pay sales tax?

A: Yes, because sales and use tax is a transaction tax, the tax is due on the transaction that occurred when you purchased the aircraft, the same as any other tangible personal property.

Again, if the fair market value is inaccurate, you may submit documentation verifying the actual purchase price of the aircraft.